

# Local Focus sourcing strategy in Kazakhstan



**Orano Mining purchasing strategy consists in giving the preference to local suppliers. Today, over 76% of sourcing is done locally in the countries where it operates. This purchasing strategy allows for better local integration, better delivery flexibility and the reduction of the overall carbon footprint due to less transport.**

However, some equipment requires high level of technicity or the level of quality that is not always available on the local market. Our sourcing managers regularly follow the market development and renew tenders to give opportunities to local companies to demonstrate their capabilities.

In Kazakhstan, the ISR technology used to mine uranium requires the use of flowmeters to check the volume of solution injected into and recovered from the wells. This is one of those products that require high level of precision. Up to 2019, it has been sourced abroad with a well-known international company.

At the end of 2018, further to the market assessment by the Purchasing team and the Initiator, a new tender was conducted. The local company, OMEGA PRIBOR, which produces over 70% of its flowmeters in Kazakhstan, was selected. KATCO team evaluated the progress made by the company in terms of quality since the previous tenders and gave the positive decision to attribute the market to OMEGA PRIBOR.

An initial order for approximately 850 flowmeters was placed in 2019 and it is estimated that KATCO will need to purchase at least 400 flowmeters each year. Recently, KATCO added another local supplier for this specific product, called POTOK-K.

This is a win / win strategy, with KATCO gaining a supplier close to home while safeguarding quality and the company obtaining a long-term customer.

#### **OMEGA PRIBOR:**

*Our joint work provided an opportunity to prove that the domestic product performs at a high level and can replace the product of foreign production. We look forward to further cooperation, and KATCO's vast experience will serve as a guide and example for us.*

#### **POTOK-K:**

*During the cooperation with JV KATCO LLP, the specifications and recommendations of the engineers of JV KATCO LLP were taken into account, which led to an improvement in the consumer properties of our devices. The cooperation with KATCO has a positive effect on the development of our business and on our sales, bringing us better economic stability during the COVID-19 pandemic.*

Flowmeters are part of the Local Sourcing Roadmap along with HDPE and PVC Pipes, Well Heads, Pumps and other products that KATCO defined in 2016. While KATCO has not succeeded to move all the products on this map closer to home yet, the focus on local purchasing strategy is paying off with the percentage of the products manufactured locally has increased in Kazakhstan from 61% at the end of the first semester in 2015 to 72% in 2020. Overall, KATCO purchased 80% of its requirement for products, works and services in Kazakhstan in the first semester 2020.



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